

An Agency of the State of Hawaii
Stadium Authority Meeting
99-500 Salt Lake Boulevard
Honolulu, Hawaii 96818

March 19, 2009

Members Present
Kevin Chong Kee, Chairman
Kay Ahina
Kathryn Inouye
Alexander Kane, Jr.
Marcia Klompus
Kenneth Marcus
Alan Tamayose

Members Absent Marvin Fong Nelson Oyadomari

<u>Staff</u>

Lois Manin Alan Arato
Stephen Lee Shawn Nagata
Ming-Yang Tan Liane Nakagawa

Others

Randall Nishiyama, Deputy Attorney General Russ Saito, DAGS Comptroller Carl Clapp, UH Athletics Davy Murayama, Centerplate General Manager Roseann Chang, Centerplate, Swap Meet Manager Samantha Spain, PCF Virtual Account Manager Krysti Peacock, PCF Virtual Account Manager

I. CALL TO ORDER

A quorum being present, Chairman Kevin Chong Kee called the meeting to order at 10:15 a.m.

II. APPROVAL OF MINUTES OF THE FEBRUARY 26, 2009 MEETING

ON A MOTION BY MEMBER AHINA TO ACCEPT THE MINUTES OF THE FEBRUARY 26, 2009 MEETING, AND SECONDED BY MEMBER

TAMAYOSE, THE BOARD UNANIMOUSLY APPROVED THE MINUTES AS CORRECTED.

ON A MOTION BY MEMBER MARCUS TO ACCEPT THE EXECUTIVE SESSION MINUTES OF THE FEBRUARY 26, 2009 MEETING, AND SECONDED BY MEMBER INOUYE, THE BOARD UNANIMOUSLY APPROVED THE MINUTES.

III. MONTHLY REPORT

A. Chairman's Report

- Senate Bill 382, SD1 (changing the make-up on the selection of the Stadium Authority) passed the Senate and is moving to the House -will be heard and voted on March 30, 2009;
- During Centerplate's report, PCF Virtual (consulting firm) will be doing a power point presentation.
- Chairman Chong Kee congratulated Members Klompus, Kane, Ahina and Oyadomari on their responses to the tough questions that were presented at their reconfirmation hearing at the Legislature. Member Klompus also noted that the Chairman did equally well with his testimony. No decisions were made and the hearings will continue on March 30, 2009.
- B. Stadium Manager's Report (by Deputy Manager, Lois Manin)

Security Services RFP

The RFP is presently being worked on by Deborah Ishihara.

Swap Meet RFP

The RFP is in its final stages; Member Tamayose is finalizing the timeline.

Advertising Concession

The CBS staff started their work on the inventory and is in the process of determining the locations for the installation of televisions.

Swap Meet Complaint

A letter of complaint from Tom Cooney (vendor) was sent to Governor Linda Lingle and the Attorney General's office, with copies to Stadium Authority members and Stadium staff. Ms. Manin called a meeting with Centerplate on March 18, 2009 to discuss the letter and was informed that a response is being prepared.

C. Approval of Events

Stephen Pierce and S. Pierce Corporation
 National Football Championship Games
 Between Mid-Eastern Atlantic Conference (MEAC)
 And Southwest Atlantic Conference (SWAC)
 January 6, 2010 (Wednesday)

Mr. Stephen Pierce (President of Retired NFL Players) made a presentation on the proposed event and answered questions by the Board.

A MOTION WAS MADE BY MEMBER KLOMPUS AND SECONDED BY MEMBER MARCUS TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

D. UHAD MONTHLY REPORT (UH)

Carl Clapp informed the Stadium Authority that the Western Athletic Conference (WAC) is still working on the 2009 football schedule. They anticipate receiving it within the next two weeks. UH will open the season on a Friday night with Central Arkansas, end the season during the Thanksgiving weekend with the Navy and with Wisconsin in the first week in December. Their home game schedule is very good and they are hopeful it will drive ticket sales, resulting in a successful season.

E. CENTERPLATE/SWAP MEET MONTHLY REPORT (Report distributed)

Report presented by Roseann Chang, Swap Meet Manager:

- The Swap Meet was closed on February 8, 2009, due to the Pro Bowl;
- February's total monthly attendance showed an increase of 2.9%;
- Paid Attendance showed an increase of 4.3%, primarily due to Ohana Day and the Food Drive that was held on February 22, 2009;
- Total Stall Sales showed a decrease of 8.9%;
- Total Stall Sales for Rows D, E, F showed a decrease of 9.9%;
- Total Stall Sales for Rows A, B, C showed a decrease of 3.1%
- The Department of Land and Natural Resources' (DLNR) boat safety instructional seminar scheduled for March 14, 2009, was postponed to Saturday, April 11, 2009, due to heavy rains;

• Samantha Spain and Krysti Peacock of PCF Virtual (advertising and marketing agency) conducted a power point presentation; stated their goal is to assist Centerplate with a marketing plan to increase the visibility and awareness of the Stadium and Swap Meet. They will be handling all of the events and promotions for the Swap Meet, which will be featured in ads and magazines throughout the state; also will be updating their website to promote the merchandise that is being sold - encouraging local as well as visitor shoppers. The website will also be used as a means to communicate with the vendors. They have made direct contact with the vendors and are being received well by them.

Members Inouye and Klompus were impressed and said this is exactly what they envisioned for the Swap Meet sometime ago and look forward to positive results.

IV. UNFINISHED BUSINESS - DISCUSSION AND APPROPRIATE ACTION

A. Aloha Stadium Administrative Rules – Discussion and review of current Administrative Rules and Fees at Aloha Stadium.

Member Marcus stated the committee met at the end of last month's meeting and Attorney General Randall Nishiyama covered the proposed changes to the rules. The committee is ready to submit them to the Board and recommend that they be implemented. It will then be processed at the next meeting:

- Proposed a change that will give the Manager authority to approve events that are under 25,000 persons or \$250,000 in gross revenues without having to go back to the Board. This will allow the Board to focus on the more significant events, rather than the smaller events (i.e., band practices, graduations). The Manager will continue to report on events that are being implemented so that the Board can give advice if necessary;
- On expense provisions, the manager will be given the opportunity to consider the agency on terms, which expenses can pass through, and whether caps are appropriate. The committee does not expect it to happen often, but it will allow the Manager to do so in the appropriate instance;
- Committee reviewed fixed charges on all the various categories of events, discussed them with Manager and staff, and then made the appropriate adjustments. Some have increased and some have

been reduced. Manager will be authorized to vary them in certain instances;

• Removed the fixing of the admission fee to the Swap Meet from the rules. It would best be addressed in context of the dealing with the Swap Meet Vendor.

Comptroller Saito reviewed some of the steps and procedures involved in changing the rules:

- Public Hearing;
- Reviewed by Attorney General's Office;
- Need to confirm that the changes will not adversely affect the small businesses in the surrounding area;
- On a normal basis, it will take some time to complete the changes;
- Given the concerns expressed to the Board appointees by the Legislature, any changes affecting revenue should be done expeditiously; their main concern now is that the Board is exercising its responsibility.

Deputy Attorney General Randall Nishiyama advised:

- Rule changes must be reviewed by the Small Business Counsel;
- Reviewed by the Legislative Reference Bureau;
- Requires Comptroller's permission to initiate the process;
- Mr. Nishiyama said he will prepare the appropriate language on decisions made by the Committee.

Chairman Chong Kee raised a question about Section 377-1, regarding setting the limits on events at 25,000 persons or \$250,000. He referred to the Senate Committee's questions about how much involvement does the Board have with the Stadium operations and feels this should be the responsibility of the Stadium Manager. Member Marcus stated the smaller events will not be on the agenda for approval by the Board. The larger events will require Board approval.

Member Klompus addressed the three points that UHAD Mr. Donovan brought up for the Board's consideration with reference to 1) out-of-pocket expenses; 2) relief on expenses and revenue sharing, and 3) fair allocation of expenses.

Mr. Nishiyama stated in terms of concession revenues, because an Administrative Rule must be consistent with the statute it is implementing,

the Stadium has a statute that states all revenues must be deposited into the Stadium Special Fund; consequently there can be no revenue sharing unless that statute is amended. Section 109-3 would have to be amended to permit revenue sharing.

Chairman Chong Kee stated in his request to the Board, Mr. Donovan is looking at the whole picture by combining his 7-8 games into one event. He feels the more people he brings into the stadium, the more revenue the Stadium and UH will generate, which would also enable the Stadium to give UH a break in expenses.

Member Tamayose questioned if it is still considered revenue sharing where high attendance is generating more food and beverage revenue and the Stadium gives a bigger break on expenses (it is not taking revenue directly). Mr. Nishiyama answered "no". He also said the Stadium would be controlling the expenses, rather than have UH pay for it, you are essentially allowing them to share in the revenues.

After further discussion Member Marcus clarified with Member Tamayose that we do not adjust the concession language, and instead, every concession dollar comes back to the Stadium and the Stadium then negotiates a deal with UH which measures their expense relief by referencing his net concession revenue. Also clarified, Stadium would have the ability to do that with the existing rules.

Chairman Chong Kee also mentioned another option by charging UH a flat rate per game and giving them a bigger break if more tickets are sold.

Member Inouye said she wants to help UH, but we are looking only at one licensee rather than looking at Stadium's goals on a fiscal basis. Management needs to look at what concessions we give UH and how that will impact us in the long run. She is satisfied if we have enough to cover basic operating expenses but feels discussions need to take place in a broader perspective.

Member Klompus said there is no question that the rules have to be changed, keeping in mind Member Inouye's concerns; and we need to start the process.

Comptroller advised the Board that it can achieve what it is trying to do on the expense side now; but, suggested that they proceed on amending the rules to allow the real revenue sharing and questioned their timing. He also said the Board needs a fall-back plan -- if the rule change can't be

accomplished and UH needs to put their budget together, the Stadium will need to look at another plan of action.

Member Marcus said the committee will add its proposals to the agenda of the April 30, 2009 meeting and expressed the need for the Board's support.

B. Stadium Manager and Deputy Stadium Manager Evaluation Reports for Fiscal Years 2007-2009.

Chairman Chong Kee deferred this matter until the next meeting.

C. Aloha Stadium Repair Work – Update from Comptroller Russ Saito on the Stadium Repair Work Project or any update involving Aloha Stadium.

Of the \$40.0 million approved by the Governor, \$10.0 million was released on March 13, 2009. The following projects are moving forward:

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$1.2 million – for Design
$9.1 million – for Construction
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Requested CIP funding for the Biennium:

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$15.0 Million – 1^{st} Year (total granted by the House)
$55.0 Million – 2^{nd} Year (total granted by the House - $30.0 Mil.)
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National Football League (NFL)

Now that the NFL is returning, we will be having discussions with them to find out what they are expecting. He feels they are satisfied with the assurance that we are making improvements to the Stadium.

Deed Restrictions

The Memorandum of Understanding has been signed. Comptroller obtained a list of potential trade-off sites from DLNR. He will be meeting with them to seek the value of the sites. The Department of Interior needs to feel comfortable with the value. If this is accomplished, it could be beneficial to our renovation projects.

Financial Reports

Board members expressed the need to receive financial reports from the Stadium. Comptroller said the Stadium can provide a monthly report suitable for their needs, showing revenue minus expenses for their information.

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| C. | NEW BUSINESS – DISCUSSION AND APPROPRIATE ACTION | |
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| | None | |
| D. | NEXT MEETING - April 30, 2009 | |
| E. | <u>ADJOURNMENT</u> | |
| | 12:10 P.M. | |
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KEVIN CHONG KEE CHAIRMAN

Recorded by: <u>Diana C. Ho</u>

Approval Date: <u>April 30, 2009</u>